

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF UNITED CITIES GAS
COMPANY FOR APPROVAL OF A
FRANCHISE AGREEMENT WITH OBION
COUNTY, TENNESSEE

03 JAN 6 PM 4 22

TN REGULATORY AUTHORITY

Docket No. 01-00499

**DIRECT TESTIMONY OF
PATRICIA CHILDERS**

Q: Please state your name, place of employment and title.

A: My name is Patricia Childers. I am Vice President of Rates and Regulatory Affairs for United Cities Gas Company/Atmos Energy Corporation.¹

Q: In your capacity as Vice President of Rates and Regulatory Affairs, are you familiar with the natural gas distribution system operated by United Cities in Obion County, Tennessee?

A: Yes. I am familiar with and have reviewed company records regarding the operation in Obion County and the other adjoining communities that are served by the system.

Q: Please give the authority an overall description of the Obion County, Tennessee system and the customers served.

A: The total number of linear feet of pipe in the Obion County, Tennessee system is approximately 245,156 linear feet. The system is interconnected and dependent upon the distribution system located within the city limits of various municipalities within Obion County, including Union City, with which United Cities also has a franchise agreement.

¹ United Cities Gas Company is an unincorporated division of Atmos Energy Corporation doing business in Tennessee as United Cities Gas Company. As indicated by a recent tariff filing, Atmos Energy Corporation has elected to cease doing business as United Cities Gas Company, and to instead use the company's legal corporate name, Atmos Energy Corporation. In all proceedings before the Tennessee Regulatory Authority, the terms "United Cities Gas Company" and "Atmos Energy Corporation" have the same meaning and can be used interchangeably.

There are approximately 600 customers located in Obion County, Tennessee which are served by the natural gas distribution system owned and operated by United Cities. Of that amount, approximately 90% are residential customers and 10% are commercial and industrial customers. The majority of the pipeline in the United Cities' distribution system is located within the public rights of way. Without access to these public rights of way, United Cities could not adequately maintain, replace and/or operate its distribution system.

Q: Has United Cities operated a natural gas transmission and distribution system in Obion County for a number of years?

A: Yes, United Cities and its predecessors have operated for many years in Obion County under various franchise agreements with the County. Each of these agreements has allowed United Cities to operate a gas transmission and distribution system within Obion County and to use the public rights of way of the County for its distribution system and related plant and access thereto.

The previous 30 year franchise agreement having expired, United Cities entered into negotiations with the county in 2000 for a new franchise agreement. The parties agreed on the terms of the new 15-year franchise agreement in September 2000.

Q: In your opinion is the continued operation by United Cities under the franchise submitted for approval to the TRA in this proceeding in the public interest?

A: By all means. Without this franchise, United Cities would be unable to feasibly operate, maintain, replace and/or extend the service to the customers it currently serves. In addition, there are no other feasible options for the supply of natural gas to the vast majority of the customers currently served by United Cities in Obion County. These customers depend on United Cities to supply natural gas to their homes and businesses.

Q: At some point in 2000, did United Cities approach the County of Obion County with regard to negotiating a new franchise agreement.

A: Yes. Representatives of United Cities contacted Norris Cranford, Obion County Executive. We appeared before the county commission and negotiated the terms of the new franchise agreement during numerous meetings with the commissioners and Mr. Cranford.

Q: Please describe the significant terms of the new franchise agreement.

A: The franchise agreement is for a term of 15 years and gives United Cities the right to serve the residents of Obion County and grants United Cities access to the public lands and right of ways to construct, maintain and operate its system. The franchise agreement requires that United Cities utilize public rights of way whenever practical rather than placing its pipes or facilities on private property, and that United Cities perform any street cuts in safe and workman like manner and restore the right of way to the reasonable satisfaction of the county. The agreement does not contain a franchise fee.

Q: Was the new franchise agreement the product of an arm's-length negotiation process between the County and United Cities?

A: Yes. The franchise agreement was not unilaterally imposed upon United Cities, but was agreed upon by both parties after full negotiations. It was only after both parties reached full agreement on the terms and language that the franchise agreement was enacted by ordinance of the Quarterly County Court.

Q: What is your opinion in regard to the necessity of the approval of this franchise?

A: The franchise agreement is necessary and proper for the public convenience and properly conserves and protects the public interest of the citizens of Obion County, Tennessee.

No further questions.

Patricia Childers
Patricia Childers

Sworn to and subscribed before me
this 6 day of January, 2003.

Paul Carter
Notary Public

My Commission Expires July 26, 2003

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following person(s) , this 17th day of January, 2003.

Richard Collier
Jonathan N. Wike
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

By: _____

McCombs w/perm
ep